

CORPORATE PROFILE

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Board of Directors

Mr. Salim Abbas Jilani
Dr. Faizullah Abbasi
Mr. Abbas Ali Mehkri
Mr. Abdul Rashid Lone
Mr. Ahmed Bakhsh Lehri
Mr. Aslam Faruque
Mr. Ayaz Dawood
Mr. Faisal Ahmed
Engr. M.A.Jabbar
Mr. Mansoor Muzaffar Ali
Mr. Mirza Mahmood Ahmad
Mr. Nessar Ahmed
Mr. Shahid Aziz Siddiqui
Mr. Zahid Hussain

Chairman
Chief Executive Officer

Board of Directors' Committees

Audit Committee

Mr. Nessar Ahmed
Mr. Abdul Rashid Lone
Mr. Ayaz Dawood
Mr. Faisal Ahmed
Engr. M.A.Jabbar

Chairman
Member
Member
Member
Member

Finance Committee

Mr. Shahid Aziz Siddiqui
Dr. Faizullah Abbasi
Mr. Aslam Faruque
Mr. Mansoor Muzaffar Ali
Mr. Mirza Mahmood Ahmad
Mr. Zahid Hussain

Chairman
Chief Executive Officer
Member
Member
Member
Member

Human Resource Committee

Mr. Salim Abbas Jilani
Dr. Faizullah Abbasi
Mr. Abbas Ali Mehkri
Mr. Ahmed Bakhsh Lehri
Mr. Aslam Faruque
Mr. Ayaz Dawood
Mr. Mirza Mahmood Ahmad
Mr. Shahid Aziz Siddiqui

Chairman
Chief Executive Officer
Member
Member
Member
Member
Member
Member

Chief Financial Officer

Mr. S. Shahid H. Jafri

Company Secretary

Mr. Yusuf J. Ansari

Auditors

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Legal Advisors

M/s. Haidermota & Co.
Barristers At Law &
Corporate Counsels

Registered Office

SSGC House
ST - 4/B, Block 14,
Sir Shah Muhammad Suleman Road,
Gulshan-e-Iqbal, Karachi. 75300
Ph: 92-21-9021000
Fax: 92-21-9231702

Web Site <http://www.ssgc.com.pk>

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REPORT OF THE DIRECTORS

On behalf of the Board of Directors of Sui Southern Gas Company Limited, we are pleased to present the un-audited results for the third quarter and nine months ended 31 March 2010. The fiscal year 2009-10 has seen national energy shortages take a turn for the worse. Under the circumstances your Company has been successful in maintaining steady supplies to its customer base and gas has been allocated to power, industrial and CNG stations according to the best national interests.

REVIEW OF OPERATIONS

Gas sales during the nine months period increased by 2% in volume and 7% in value (net of GST), standing at 290.7 bcf and Rs. 80.9 billion as compared to corresponding period last year. The average sales price per mmbtu increased by 5% to Rs. 298.60 versus Rs. 285.07. The increase or decrease in sales price has no impact on Company profits due to its unique tariff regime.

In this period, the Company extended 216 new industrial, 1,476 commercial and 84,019 domestic connections. Gas Distribution System was extended by 1,651 km while another 389 km of distribution lines were laid under rehabilitation projects to curtail line losses. With increased emphasis on domestic connections, especially in new towns and villages, the company's resources are overstretched leading to additional UFG and recoveries are also posing a serious challenge.

The meter manufacturing plant produced 541,250 meters versus 499,710 meters produced in the corresponding period last year, an increase of 41,540 meters or 8%. Sales to SNGPL increased by 13% to 404,400 meters.

The operating cost also increased over the corresponding period by Rs. 1,026 million or 25% mainly due to impact of absorbing staff cost of reinstated workers, and increase in staff cost as a result of finalizing of CBA agreement. As % of revenues this increased to 6.1% versus 5.3% for previous period. Operating cost (excluding LNG, ISGSL & IDF cost) per MCF was Rs. 17.59 versus Rs. 14.40 of corresponding period last year.

Other operating income increased by Rs. 514 million or 11%, mainly due to increase in royalty income from JJVL, amortization of deferred credit and additional income on account of new service connections, partly offset by decrease in JJVL Gas shrinkage charges. Other non-operating income increased by Rs. 1,452 million or 57% to Rs. 4,020 million. This was mainly due to increase in interest income under various heads.

Financial charges increased by Rs. 374 million or 11% over corresponding period and stood at Rs. 3,780 million. This was mainly due to the impact of increased long term loans, accrual made for interest on delayed payment to gas producers and interest on consumer deposits.

The Company suffered a huge dent of Rs. 2,547 million in its tariff return in the 9 months period on account of "excess Unaccounted for Gas (UFG)". Despite efforts to control the UFG, it reached a level of 8.63% as against a limit of 5% allowed by OGRA. The Company posted profit before tax of Rs. 105 million as compared to profit of Rs. 603 million for the corresponding period. The minimum tax regime has pushed the Company in a loss of Rs. 306 million (EPS Rs. -0.46).

The return formula, coupled with penalties for excess UFG and HR benchmarks, is grossly inadequate. The Company has been forcefully pleading with the Government to rationalize the UFG and HR benchmarks at a justified level.

DEVELOPMENT PROJECTS

The capital expenditure in the nine months period was Rs. 3.7 billion as compared to Rs. 5.0 billion for the previous corresponding period. Addition to assets was made to the tune of Rs. 3.3 billion versus Rs. 4.2 billion last year.

SSGC has inked an Extended Well Test Gas Sales and Purchase Agreement with Hycarbex-American Energy Inc., Operator of the Haseeb Gas Field. Under the agreement, the Company will receive upto 28 mmcf/d gas for a 15 months period, from Haseeb Gas Field. The delivery is expected to start in mid 2010.



SALIM ABBAS JILANI
CHAIRMAN



DR. FAIZULLAH ABBASI
MANAGING DIRECTOR

IMN:SAS
27 April 2010

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
As at 31 March 2010

		31 March 2010 (Un-audited)	30 June 2009 (Audited)
	Note	(Rupees in '000)	
Non current assets			
Property, plant and equipment	6	39,923,255	38,095,632
Intangible assets		13,482	43,891
Long-term investments	7	121,309	107,442
Net investment in finance lease		1,066,192	1,159,336
Long-term loans and advances		118,432	111,779
Long-term deposits		3,250	3,250
Total non-current assets		<u>41,245,920</u>	<u>39,521,330</u>
Current assets			
Stores, spares and loose tools		1,723,060	1,702,556
Stock in trade		349,163	490,539
Current maturity of net net investment in finance lease		118,796	118,796
Customers' installation work in progress		173,761	136,266
Trade debts	8	40,426,820	32,568,205
Loans and advances		149,173	93,580
Trade deposits and short term prepayments		113,068	110,812
Interest accrued		2,527,466	1,198,062
Other receivables	9	13,968,485	22,970,129
Taxation - net		174,152	166,500
Cash and bank balances		654,564	1,477,155
Total current assets		<u>60,378,508</u>	<u>61,032,600</u>
Current liabilities			
Current portion of long term financing		5,374,894	4,969,490
Trade and other payables	10	54,285,331	50,099,746
Interest and mark-up accrued		6,059,895	4,181,967
Short term borrowings	11	450,000	-
Total current liabilities		<u>66,170,120</u>	<u>59,251,203</u>
Net current (liabilities) assets		<u>(5,791,612)</u>	<u>1,781,397</u>
Total assets less current liabilities		<u>35,454,308</u>	<u>41,302,727</u>
Equity and non-current liabilities			
Share capital and reserves			
Authorised share capital		10,000,000	10,000,000
1,000,000,000 ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital		6,711,743	6,711,743
Reserves		3,058,288	2,619,662
Surplus on remeasurement of available for sale securities		107,679	93,813
Unappropriated profit		(486,814)	258,306
Total equity		<u>9,390,896</u>	<u>9,683,524</u>
Non current liabilities			
Long term financing	12	11,541,247	17,496,775
Long term deposits		3,205,914	2,954,186
Deferred tax		5,013,538	5,013,538
Employee benefits		1,473,610	1,308,176
Deferred credit	13	4,829,103	4,846,528
Total non-current liabilities		<u>26,063,412</u>	<u>31,619,203</u>
Total shareholders' equity and non current liabilities		<u>35,454,308</u>	<u>41,302,727</u>
Contingencies and Commitments	14		

The annexed notes from 1 to 21 form an integral part of these interim financial information.

Salim Abbas Jilani
Chairman

Dr. Faizullah Abbasi
Managing Director

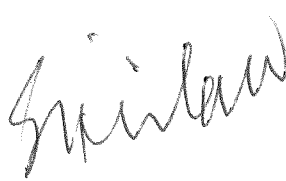
SUI SOUTHERN GAS COMPANY LIMITED

UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

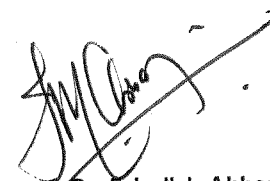
For the nine month period ended 31 March 2010

	Note	Nine month period ended		Quarter ended	
		31 March 2010	31 March 2009	31 March 2010	31 March 2009
(Rupees in thousand)					
Sales		92,004,087	85,813,873	31,635,922	29,000,463
Sales tax		(11,089,142)	(10,357,899)	(3,742,880)	(3,511,920)
		<u>80,914,945</u>	<u>75,455,974</u>	<u>27,893,042</u>	<u>25,488,543</u>
Gas development surcharge		(8,661,308)	2,558,562	294,425	790,875
Net sales		<u>72,253,637</u>	<u>78,014,536</u>	<u>28,187,467</u>	<u>26,279,418</u>
Cost of gas		<u>(70,172,649)</u>	<u>(73,597,549)</u>	<u>(27,594,280)</u>	<u>(24,919,410)</u>
Gross profit		<u>2,080,988</u>	<u>4,416,987</u>	<u>593,187</u>	<u>1,360,008</u>
Transmission distribution and selling costs		(5,603,331)	(4,782,702)	(2,079,493)	(1,489,369)
Administrative expenses		(1,621,925)	(1,242,813)	(701,065)	(602,631)
Other operating expenses	15	(219,991)	(1,665,335)	52,718	(98,795)
		<u>(7,445,247)</u>	<u>(7,690,850)</u>	<u>(2,727,840)</u>	<u>(2,190,795)</u>
		<u>(5,364,259)</u>	<u>(3,273,863)</u>	<u>(2,134,653)</u>	<u>(830,787)</u>
Other operating income	16	5,228,743	4,714,548	1,611,633	1,326,926
Operating profit before finance cost		<u>(135,516)</u>	<u>1,440,685</u>	<u>(523,020)</u>	<u>496,139</u>
Other non-operating income	17	4,020,047	2,567,558	1,310,691	1,099,784
Finance cost	18	(3,779,854)	(3,405,599)	(1,157,881)	(1,348,041)
Profit / (loss) before taxation		<u>104,677</u>	<u>602,644</u>	<u>(370,210)</u>	<u>247,882</u>
Taxation	19	(411,171)	(210,925)	(155,763)	(83,832)
Profit / (loss) for the period		<u>(306,494)</u>	<u>391,719</u>	<u>(525,973)</u>	<u>164,050</u>
Basic and diluted earnings per share	(Rupees)	<u>(0.46)</u>	<u>0.58</u>	<u>(0.79)</u>	<u>0.24</u>

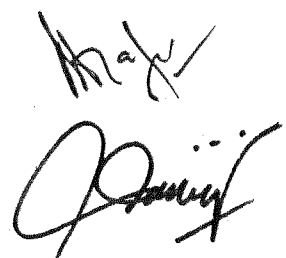
The annexed notes from 1 to 21 form an integral part of these interim financial information.



Salim Abbas Jilani
Chairman



Dr. Faizullah Abbasi
Managing Director



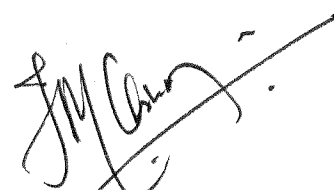
SUI SOUTHERN GAS COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
For the nine month period ended 31 March 2010

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus/ (deficit) on remeasurement of available for sale securities	Unappro- priated profit	Total
	(Rupees in thousand)					
Balance at 01 July 2008	6,711,743	234,868	2,232,794	143,866	991,789	10,315,060
Total Comprehensive income for the period	-	-	-	(60,246)	391,719	331,473
Transfer from unappropriated profit to revenue reserves			152,000		(152,000)	-
Final dividend at Rs. 1.25 per share for the year ended 30 June 2009	-	-	-	-	(838,968)	(838,968)
Balance at 31 March 2009	<u>6,711,743</u>	<u>234,868</u>	<u>2,384,794</u>	<u>83,620</u>	<u>392,540</u>	<u>9,807,565</u>
Balance at 01 July 2009	6,711,743	234,868	2,384,794	93,813	258,306	9,683,524
Total comprehensive income for the period	-	-	-	13,866	(306,494)	(292,628)
Transfer from Unappropriated profit to Capital Reserves	-	438,626	-	-	(438,626)	-
Balance at 31 March 2010	<u>6,711,743</u>	<u>673,494</u>	<u>2,384,794</u>	<u>107,679</u>	<u>(486,814)</u>	<u>9,390,896</u>

The annexed notes from 1 to 21 form an integral part of these interim financial information.



Salim Abbas Jilani
Chairman



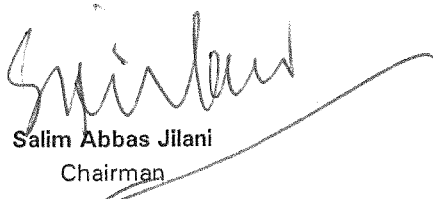
Dr. Faizullah Abbasi
Managing Director

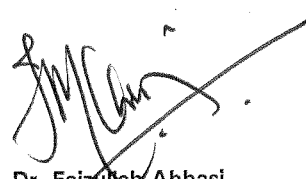


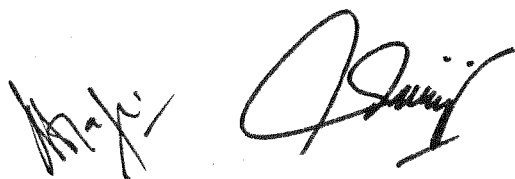
SUI SOUTHERN GAS COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
For the nine month period ended 31 March 2010

	<u>Nine month Period Ended</u>		<u>Quarter Ended</u>	
	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	(Rupees in '000)			
Net (loss) / profit for the period	(306,494)	391,719	(525,973)	164,050
Other comprehensive income				
Unrealised (loss) / gain on re-measurement of investments	13,866	(60,246)	15,822	9,234
Total comprehensive income for the period	<u>(292,628)</u>	<u>331,473</u>	<u>(510,151)</u>	<u>173,284</u>

The annexed notes from 1 to 22 form an integral part of these unconsolidated condensed interim financial information.


Salim Abbas Jilani
Chairman


Dr. Faizullah Abbasi
Managing Director



UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the nine month period ended 31 March 2010

	31 March 2010	31 March 2009
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES :		
Profit before taxation	104,677	602,644
Adjustments for non cash items:		
Depreciation	2,056,138	1,875,273
Amortization of intangibles	31,159	41,208
Finance cost	3,779,854	3,405,599
Amortization of transaction cost	3,678	3,678
Provision against impaired debts	353,946	241,738
Provision for compensated absences	-	13,682
Provision for post retirement medical and free gas supply facilities	165,434	118,210
Recognition of income against deferred credit	(238,144)	(193,385)
Dividend income	-	(7,963)
Profit / interest income	(3,112,943)	(1,971,888)
Income from net investment in finance lease	(144,003)	(162,204)
Gain on disposal of property, plant & equipment	7,917	7,592
Net cash generated from operations	3,007,713	3,974,184
(Increase) / decrease in operating assets :		
Stores and spares	(20,504)	(659,413)
Stock-in-trade	141,376	59,392
Customers' installation work-in-progress	(37,495)	72,483
Trade debts	(8,212,561)	(8,999,686)
Loans and advances	(55,593)	(31,945)
Trade deposits and short term prepayments	(2,256)	139,938
Other receivables	9,001,644	(11,626,868)
Long term loans and advances to staff - net	(6,653)	(10,145)
	807,958	(21,056,244)
Increase / (decrease) in operating liabilities:		
Trade and other payables	4,185,786	16,430,061
Service charges received from new customers	220,719	422,423
Security deposits received	251,728	168,236
Employee benefits paid	-	(23,369)
	4,658,233	16,997,351
Cash generated from operations	8,473,904	(84,709)
Financial charges paid	(2,158,781)	(1,976,257)
Income tax (paid) / refund received - net	(418,823)	(301,511)
Net cash from / (used in) operating activities	5,896,300	(2,362,477)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(3,691,926)	(5,035,519)
Proceeds from sale of property, plant & equipment	56,352	15,001
Lease rental from investment in finance lease	237,147	262,404
Dividend received	-	7,963
Profit / interest received	1,783,539	1,348,573
Net cash used in investing activities	(1,614,888)	(3,401,578)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from local currency loans	575,415	2,462,349
Repayments of local currency loans	(6,129,217)	(125,000)
Dividend paid	(201)	(321,680)
Net cash (used in) / from financing activities	(5,554,003)	2,015,669
Net decrease in cash and cash equivalents	(1,272,591)	(3,748,386)
Cash and cash equivalents at beginning of the period	1,477,155	4,356,300
Cash and cash equivalents at end of the period	204,564	607,914
Cash and cash equivalents comprises :		
Cash & bank balances	654,564	1,406,244
Short term borrowings	(450,000)	(798,330)
	204,564	607,914

The annexed notes from 1 to 21 form an integral part of these interim financial information.

Salim Abbas Jilani
Chairman

Dr. Faizullah Abbasi
Managing Director

SUI SOUTHERN GAS COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)
For the nine month period ended 31 March 2010

1. Status and nature of business

Sui Southern Gas Company Limited ("the Company") is a public limited company incorporated in Pakistan and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The main activity of the company is transmission and distribution of natural gas in Sindh and Balochistan. The company is also engaged in certain activities related to the gas business including the manufacturing and sale of gas meters and construction contracts for laying of pipelines.

2. Basis of preparation

These unconsolidated condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan and the requirements of Companies Ordinance, 1984, the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges and directives issued by the Securities and Exchange Commission of Pakistan (SECP)

These condensed interim financial statements are un-audited but subject to limited scope review by the auditors and are being submitted to shareholders in accordance with section 245 of the Companies Ordinance, 1984

The comparative balance sheet presented in these condensed interim financial statements have been extracted from the audited financial statements of the Company for the year ended June 30, 2009, whereas the comparative condensed profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statements are stated from the unaudited condensed interim financial statements for the nine month period ended 31 March 2009.

3. Significant accounting policies

The significant accounting policies applied for the preparation of this unconsolidated condensed interim financial information are the same as those applied in preparation of the annual audited financial statements of the company as at and for the year ended June 30, 2009, except for the adoption of new standards noted below:

IAS 1 (Revised) - 'Presentation of Financial Statements'

The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Company presents in the unconsolidated condensed interim statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the unconsolidated condensed interim statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on the profit for the period and earnings per share.

IFRIC 18 - 'Transfer of Assets from Customers'

International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB) issued IFRIC – Interpretation 18 (IFRIC -18) "Transfers of Assets from Customers". This Interpretation applies to the accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers. Further, it also applies to the accounting by recipients for transfer of cash from customers when that amount of cash must be used only to construct or acquire an item of property, plant and equipment recognized as an asset by the entity and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to supply of goods or services, or to do both.

The Company in the normal course of business receives cash from customers as contributions for providing service connections, extension of gas mains, laying of distribution lines. Previously, such amounts were deferred and recognized in the profit and loss account over the useful lives of the related assets starting from the commissioning of such assets. Under the revised policy, revenue from such transaction is recognized when the connection to the network is completed. The aforementioned change has been accounted for as per the guidance provided under the interpretation for identification of separately identifiable service and recognition of revenue thereon.

The company has accounted for the change in policy prospectively from July 1, 2009 on assets which were connected to network on or after the said date, when the connection to network is completed.

Had there been no change in accounting policy the loss for the period ended December 31, 2009 would have been higher by and the deferred credit amount in the non-current liabilities would have been lower by Rs. 232.708 million.

IAS 23 - 'Borrowing Costs'

The revised standard removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Company already has the policy to capitalize all the borrowing cost on qualifying assets.

4. Accounting estimates and judgements

The preparation of unconsolidated condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing this unconsolidated condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2009.

5. Financial risk management

The Company's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2009.

6. Property, plant and equipment

	31 March 2010 (Un-audited)	30 June 2009 (Audited)
	(Rupees in '000)	
Operating assets	35,605,230	34,557,963
Capital work-in-progress	4,318,025	3,537,669
	<u>39,923,255</u>	<u>38,095,632</u>

Details of additions to and disposals of property, plant and equipment during the nine month period ended 31 March 2010 are as follows:

	Cost of additions / transfers	Written down value of (disposals / transfers)
	(Un-audited) (Rupees in '000)	
Operating assets owned		
Gas transmission & distribution pipeline system	3,030,192	(53,700)
Buildings on leasehold land	84,735	-
Plant, machinery and other equipment	135,191	-
Motor vehicles	36,531	(10,569)
	<u>3,286,649</u>	<u>(64,269)</u>

Capital work-in-progress

Projects:

- Gas transmission and distribution system	3,645,130	(3,030,192)
- Cost of buildings under construction	68,173	(84,735)
- Plant, machinery and other equipment	317,171	(135,191)
- Others	36,531	(36,531)
	<u>4,067,005</u>	<u>(3,286,649)</u>

7. Long-term investments

Investment in related parties	77,275	71,883
Other investments	44,034	35,559
	<u>121,309</u>	<u>107,442</u>

8. Trade debts

	31 March 2010 (Un-audited)	30 June 2009 (Audited)
	(Rupees in '000)	
Considered good - secured	9,248,598	6,909,685
Considered good - un-secured	31,178,222	25,658,520
	<u>40,426,820</u>	<u>32,568,205</u>
Considered doubtful	2,517,699	2,163,753
	<u>42,944,519</u>	<u>34,731,958</u>
Provision against impaired debts	(2,517,699)	(2,163,753)
	<u>40,426,820</u>	<u>32,568,205</u>

- 8.1 Trade debts due from Karachi Electric Supply Company Limited (KESC), Jamshoro Power Company Limited (JPCL) and Sui Northern Gas Pipelines Limited (SNGPL) aggregated to Rs. 29,806 million as at 31 March 2010 (June 30, 2009: Rs. 29,077 million). These include overdue amounts of Rs. 22,954 million (June 30, 2009: Rs. 17,491 million). Receivable from SNGPL against uniform cost of gas and lease rental is classified under other receivables and amounts to Rs. 3,621 million (June 30, 2009: Rs. 7,940 million) (refer note no. 9.1), which includes overdue uniform cost of gas invoices of Rs. 759 million (June 30, 2009: Rs. 2,468 million). Interest accrued amounting to Rs. 1,959 million (June 30, 2009: Rs. 1,167 million) in respect of overdue balances of KESC, JPCL and SNGPL is classified in accrued interest.

During the period, the Company received a total of Rs. 7,032 million from SNGPL and JPCL under inter circular corporate debt settlement arrangements. This amount was paid by the Company to Oil and Gas Development Company Limited (OGDCL) and Government Holding (Private) Limited as agreed under the arrangement. As at March 31, 2010, an amount of Rs. 32,333 million (included in creditors for gas in note 10) is payable to OGDCL, Pakistan Petroleum Limited and Government Holding (Private) Limited in respect of gas purchases along with interest of Rs. 5,881 million on their balances. In view of the arrangement being made by the Committee of Cabinet Division - GoP to adjust inter circular corporate debt of the government entities and KESC, the management is confident that the entire amount receivable from KESC, JPCL and SNGPL would be recovered / adjusted.

9. **Other receivables - considered good**

Gas development surcharge receivable from GoP		-	5,326,217
Receivable from Sui Northern Gas Pipeline Limited (SNGPL) - a related party	9.1	3,693,227	8,019,730
Receivable from Jamshoro Joint Venture Limited (JJVL)		754,183	303,506
Receivable from staff pension fund - executive		82,733	361
Receivable from GoP on account of Ziarat		89,094	37,607
Pipeline rental		11,070	20,221
Workers' Profit Participation Fund		12,447	17,943
Sales tax receivable	9.2	9,018,867	8,683,445
Receivable from staff pension fund - non executive		-	168,733
Receivable from staff gratuity fund - executive		7,622	91
Receivable from staff provident fund - executive		17,763	-
Balance receivable for sale of gas condensate		102,247	155,480
Insurance claim receivable		545	509
Claim receivable		757	757
Miscellaneous receivable	9.3	179,415	237,014
		<u>13,969,970</u>	<u>22,971,614</u>
Provision against impaired receivables		<u>(1,485)</u>	<u>(1,485)</u>
		<u>13,968,485</u>	<u>22,970,129</u>

- 9.1 This includes lease rental receivable and recoverable against lease service cost and contingent rent amounting to Rs. 72.312 million (June 30, 2009: Rs. 79.842 million) and Rs. 3,620.818 million (June 30, 2009: Rs. 7,939.768 million) under the uniform cost of gas agreement with Sui Northern Gas Pipelines Limited (SNGPL).

- 9.2 This represent sales tax refundable amount which mainly arose due to excess of input sales tax over output sales tax as prices of natural gas purchased were substantially high and the company charged zero rate on gas supply to a large number of industrial customers. Major issue, hindering the release of refund, is the cross matching problem between the supplier's physical data and the system of FBR. To expedite the recovery, various meetings have been held between representatives of the Company and FBR as well as Large Taxpayers' Unit (LTU) wherein the Company has been assured by the officials of FBR for resolving the matter on a priority basis. Subsequent to the period end, the Company has received refund of Rs. 100.721 million.

Based on the advice of its legal counsel and meetings with the concerned officials, the management is confident about recovery of the refund amount.

- 9.3 This includes Rs. 169.270 million (June 30, 2009: Rs. 225.694 million) recoverable from GoP under deferred tariff adjustment.

	31 March 2010 (Un-audited)	30 June 2009 (Audited)
	(Rupees in '000)	
10. Trade and other payables		
Creditors for:		
- gas	46,929,972	45,490,188
-supplies	241,228	122,111
	<u>47,171,200</u>	<u>45,612,299</u>
Amount received from customers/ GoP for laying of mains, etc.	3,132,870	2,806,125
Accrued liabilities	1,055,077	1,117,300
Gas development surcharge payable to GoP	2,384,353	-
Provision for compensated absences - non executives	83,791	83,791
Payable to provident fund - non executives	-	6
Deposits / retention money	172,602	194,589
Bills payable	-	23,521
Advance for sharing right of way	18,088	18,088
Unclaimed dividend	39,986	40,187
Withholding tax payable	55,792	51,685
Unclaimed term finance certificate redemption profit	1,800	1,975
Inter State Gas System (private) Limited (ISGSL)	15,556	8,628
Others	154,216	141,552
	<u>54,285,331</u>	<u>50,099,746</u>

11. This represent facilities for running finance available from various banks amounting to Rs. 10,000 million (June 30, 2009: 9,000 million). These are subject to mark-up ranging from 0.45% to 2.5% (June 30, 2009: 0.5% to 3%) above the average one month KIBOR. Facilities are secured by first pari passu hypothecation charge over present and future stock in trade and book debts of the Company.

12. Long Term Financing

Secured

- Loans from banking companies and financial institutions

Local currency loans

12.1 5,000,000 8,716,700

- Other Loans

Musharaka arrangements

12.2 4,913,362 7,644,678
9,913,362 16,361,378

Unsecured

Consumer Financing

12.3 179,245 186,757

Government of Sindh

12.4 1,448,640 948,640
11,541,247 17,496,775

					31 March 2010 (Un-audited)	30 June 2009 (Audited)
					(Rupees in '000)	
12.1 Local currency loans						
	Instalment Payable	Repayment Period	Mark-up Rate			
UBL - term loan-II	on maturity	2009	0.2% above 3 months average Kibor	12.1.1	-	1,500,000
CCB - term loan	quaterly	2010-2012	0.2% above 3 months average Kibor	12.1.1	1,000,000	1,000,000
MCB - term loan - I	quaterly	2010	0.2% above 3 months average Kibor	12.1.2	1,500,000	2,000,000
MCB - term loan - II	quaterly	2009	0.2% above 3 months average Kibor	12.1.2	-	1,333,400
MCB - term loan - III	quaterly	2009	0.2% above 3 months average Kibor	12.1.2	-	1,000,000
HBL - term loan	on maturity	2009	2% above 3 months average Kibor	12.1.3	-	500,000
Faysal Bank Limited - Term Loan	quaterly	2011-2013	2% above 3 months average Kibor	12.1.4	1,500,000	1,500,000
					<u>4,000,000</u>	<u>8,833,400</u>
<u>Syndicated term loans</u>						
Standard Chartered Bank (as Syndicate's "A quaterly		2011-2012	1.95% above 3 months average Kibor	12.1.4	2,500,000	2,500,000
JS Bank Limited (as Syndicate's "Agent")	quaterly	2011-2012	1.95% above 3 months average Kibor	12.1.4	800,000	800,000
					<u>3,300,000</u>	<u>3,300,000</u>
					<u>7,300,000</u>	<u>12,133,400</u>
Less: Current portion shown under current liabilities						
UBL - term loan - II					-	(1,500,000)
MCB - term loan - I					(1,500,000)	(1,000,000)
MCB - term loan - II					-	(666,700)
MCB - term loan - III					-	(250,000)
CCB - term loan					(300,000)	-
Faysal Bank Limited - Term Loan					(500,000)	-
					<u>(2,300,000)</u>	<u>(3,416,700)</u>
					<u>5,000,000</u>	<u>8,716,700</u>

12.1.1 These loans are secured by a first pari passu fixed charge created by way of hypothecation over all its present and future moveable fixed assets comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

12.1.2 These loans are secured by a first pari passu fixed charge created by way of hypothecation over moveable fixed assets comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment. During the year these loans were paid.

12.1.3 These loans are secured by a ranking charge created by way of hypothecation over moveable fixed assets of the company comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment. During the year these loans were prepaid.

12.1.4 These loans are secured by a ranking charge created by way of hypothecation over moveable fixed assets of the company comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

				Note	31 March 2010 (Un-audited)	30 June 2009 (Audited)
(Rupees in '000)						
12.2 Musharaka arrangements - secured						
<u>Islamic Sukuk bonds under musharaka agreements</u>	Instalment payable	Repayment period	Mark-up rate			
Dubai Islamic Bank (the "Investor's Agent")	quarterly	2009 - 2012	0.40% above 3 months average KIBOR	12.2.1	600,000	825,000
Meezan Bank Limited (the "Investor's Agent")	quarterly	2009 - 2012	0.80% above 3 months average KIBOR	12.2.1	1,500,002	2,000,000
Bank Islami Pakistan Limited (the "Trustee")	quarterly	2010 - 2012	0.20% above 3 months average KIBOR	12.2.1	4,700,000	4,700,000
<u>Islamic Finance under diminishing musharaka</u>						
Meezan Bank Limited	Two Instalments	2009 & 2011	0.45% above 3 months average KIBOR	12.2.2	500,000	1,000,000
Bank Islami Pakistan Limited	bullet	2010	0.20% above 3 months average KIBOR	12.2.3	600,000	600,000
					7,900,002	9,125,000
Unamortised Transaction Cost					(9,976)	(13,655)
					7,890,026	9,111,345
Less: Current portion shown under current liabilities						
Dubai Islamic Bank (the "Investor's Agent")					(300,000)	(300,000)
Meezan Bank Limited (the "Investor's Agent")					(666,664)	(666,667)
Meezan Bank Limited					-	(500,000)
Bank Islami Pakistan Limited (the "Trustee")					(1,410,000)	-
Bank Islami Pakistan Limited					(600,000)	-
					(2,976,664)	(1,466,667)
					4,913,362	7,644,678

12.2.1 Islamic Sukuk Bonds under Musharaka arrangements are secured by a first pari passu fixed charge created by way of hypothecation over movable fixed assets of the Company comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

12.2.2 Islamic Finance under diminishing Musharaka is secured by a first pari passu fixed charge created by way of hypothecation over all present and future movable fixed assets of the Company comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

12.2.3 Islamic Finance under diminishing Musharaka is secured by a ranking charge created by way of hypothecation over all present and future movable fixed assets of the Company comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

12.3 Consumer financing

Consumer financing	12.3.1	269,916	265,321
Less: Current portion shown under current liabilities		(90,670)	(78,564)
		179,246	186,757

12.3.1 This represents contributions received from certain industrial customers for the laying of distribution mains for supply of gas to their premises. These balances carry mark-up at 25% of 3 years average ask side KIBOR prevailing at the time of preparation of feasibility study for laying of distribution mains less 2% per annum. Principal and interest are adjustable in 48 equal installments through credits in the monthly gas bills of the consumers.

12.4 Government of Sindh loans

Government of Sindh loan - I	12.4.1	56,199	56,199
Government of Sindh loan - II	12.4.2	900,000	900,000
Government of Sindh loan - III	12.4.3	500,000	-
Government grant	12.4.4	(317,924)	(317,924)
		1,082,076	582,076
Government grant	12.4.4	317,924	317,924
		1,456,199	956,199
Less: Current portion shown under current liabilities		(7,559)	(7,559)
		1,448,640	948,640

- 12.4.1 This represents an unsecured development loan from Government of Sindh for supply of gas to various districts and areas of Sindh. The facility carries mark-up at 2 % per annum. The loan together with mark-up shall be repaid in 10 yearly installments with grace period of 2 years commencing from year ended 30 June 2007.
- 12.4.2 This represents an unsecured development loan from Government of Sindh for supply of gas to various districts and areas of Sindh. The facility carries mark-up at 4 % per annum. The loan together with mark-up shall be repaid in 10 yearly installments with grace period of 2 years commencing from year ending 30 June 2011. The loan has been stated at fair value.
- 12.4.3 An unsecured development loan was availed in 2010 from Government of Sindh for supply of gas to various districts in areas of Sindh. The facility carries mark-up at 4 percent per annum. The loan together with markup shall be repaid in 10 equal yearly instalments with grace period of 2 years commencing from 01 July 2012.
- 12.4.4 This represents the benefit of lower interest rate on Government of Sindh loan - II and is calculated as difference between the proceed received in respect of Government of Sindh loan - II amounting to Rs 900 million and its initial fair value amounting to Rs. 582.076 million calculated at KIBOR prevailing at year end. This benefit is treated as Government grant and would be amortised over the estimated useful life of related assets when constructed.

	31 March 2010 (Un-audited)	30 June 2009 (Audited)
	(Rupees in '000)	
13. Deferred Credit		
<i>- Government contributions / grants</i>		
Balance at July 01	2,161,269	1,444,501
Addition during the period	225,115	810,526
	2,386,384	2,255,027
Transferred to profit and loss account	(93,827)	(93,758)
Balance as at December 31	2,292,557	2,161,269
<i>- Contribution from customers</i>		
Balance at July 01	2,685,259	2,375,430
Addition / (Reversal) during the period	(4,396)	514,002
	2,680,863	2,889,432
Transferred to profit and loss account	(144,317)	(204,173)
Balance as at December 31	2,536,546	2,685,259
	4,829,103	4,846,528

14 CONTINGENCIES AND COMMITMENTS

31 March 2010
(Un-audited)
30 June 2009
(Audited)
(Rupees in '000)

There has been no change in the status of other contingencies as disclosed note 15 of annual financial statements of the Company for the year ended June 30, 2009, except for the following:

14.1	Claims against the company not acknowledged as debt	14.9	<u>444,663</u>	<u>518,163</u>
14.2	Commitments for capital and other expenditure		<u>1,732,338</u>	<u>1,051,609</u>
14.3	Guarantees issued on behalf of the company		<u>1,791,013</u>	<u>1,792,153</u>
14.4	Demand finance facilities have been given to the Company's employees by certain banks for the purchase of vehicle against the Company's guarantee and hypothecation of the Company's stock of pipes, gas meters, regulators, etc. valuing Rs. 75 million (June 30, 2009: Rs. 75 million) and the Company's investment in shares having a face value of Rs. 0.5 million (June 30, 2009: Rs. 0.5 million). Loan outstanding at the period end was Rs. 12.542 million (June 30, 2009: Rs. 16.797 million).			
14.5	During the period the Tax department has amended the assesment order for the Tax year 2005 under section 122(1) (9) of the income Tax Ordinance, 2001, disallowing certain expenses. SSGC has files Appeal to commissioner of Income Tax (Appeal) zone refusing to amend assesment order u/s 122(1) (9). No provision has been made in the financial statement as the management is confident that no further tax liability would arise in this respect.			
14.6	During the period the Tax department has amended the assesment order for the Tax year 2007 under sub-section (5A) of section 122 of the income Tax Ordinance, 2001, disallowing certain expenses. SSGC has files Appeal to commissioner of Income Tax (Appeal) zone refusing to amend assesment order U/S 122 (5A). No provision has been made in the financial statement as the management is confident that no further tax liability would arise in this respect.			
14.7	During the period the Tax department has amended the assesment order for the Tax year 2008 under section 221 of the income Tax Ordinance, 2001, disallowing certain expenses. SSGC has files Appeal to commissioner of Income Tax (Appeal) zone refusing to amend assesment order U/S 221 (5A). No provision has been made in the financial statement as the management is confident that no further tax liability would arise in this respect.			
14.8	President of Pakistan on February 14, 2009 promulgated the Sacked Employees (Reinstatement) Ordinance 2009, ("the Ordinance") for providing relief to persons who were appointed during the period from November 1, 1993 to November 30, 1996 (both days inclusive) and were dismissed, removed or terminated or given forced golden hand shake from service during November 1, 1996 to December 31 1998 (both days inclusive). Under the requirements of the Ordinance, total number of employees to be reinstated was determined a 2,994 employees, with the condition that their remuneration upto December 31, 2009 and back benefits will be paid to them on receipt of funds from Government of Pakistan (GoP). Out of 2,994 employees only 2,500 (June 30, 2009: 2,435) employees have joined the Company up to December 31, 2009. During the year, Rs. 258 million was received from GoP. Out of which, Rs. 232.79 million has been paid to employees.			
	Upto December 31, 2009, no provision has been made against current salaries costs and back benefits payable to reinstated employees amounting to Rs. 377.811 million and Rs. 2,345.679 million respectively as the management is of the view that as per negotiations with the Sub-committee established by the Cabinet Division - GoP, the same would be payable when the funds are received from the			
14.9	The management is confident that ultimately these claims would not be payable.			

	Nine month period ended		Quarter ended	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	(Un-audited)			
	(Rupees in '000)			
15. Other operating expenses				
Auditors' remuneration	1,281	1,289	375	375
Workers' profit participation fund	5,509	31,774	(19,484)	13,046
Sports expenses	14,059	12,837	5,782	4,901
Corporate social responsibility	305	15,416	(62)	7,642
Exchange loss on payment of gas purchases	198,837	1,338,506	(39,329)	79,493
Provision for liquidity damages	-	265,513	-	(6,662)
	<u>219,991</u>	<u>1,665,335</u>	<u>(52,718)</u>	<u>98,795</u>
16. Other operating income				
- Income from other than financial assets				
Meter rentals	425,021	423,452	145,725	143,593
Recognition of income against deferred credit	238,144	193,385	68,715	53,555
Income from new service connections	232,708	-	59,550	-
Sale of gas condensate	385,870	400,406	137,252	89,981
Gas shrinkage to JJVL	1,717,920	2,179,340	485,023	650,832
Income from gas transportation	36,795	37,199	11,086	11,570
Royalty income from JJVL	2,016,728	1,359,989	720,069	362,594
Meter manufacturing division profit - net	74,345	46,637	(28,315)	6,427
Income from LPG air mix distribution Gwadar op	27,811	24,352	10,100	7,873
Recoveries from customers	24,452	21,590	9,626	3,788
Gain / (loss) on sale of fixed assets	(7,917)	(7,592)	(24,631)	(14,769)
Liquidity damages recovered	12,025	6,567	1,752	3,627
Advertising income	4,605	3,833	2,179	1,153
Miscellaneous	11,789	13,463	4,515	3,093
	<u>5,200,296</u>	<u>4,702,621</u>	<u>1,602,646</u>	<u>1,323,317</u>
- Income from investment in debts, loans, advances and receivable from related party				
Income from gas transportation - SNGPL	28,447	11,927	8,987	3,609
	<u>5,228,743</u>	<u>4,714,548</u>	<u>1,611,633</u>	<u>1,326,926</u>

	Nine month period ended		Quarter ended	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	(Un-audited)			
	(Rupees in '000)			
17. Other non operating income				
- Income from financial assets				
Late payment surcharge	763,101	425,503	289,023	182,216
Income from net investment in finance lease	40,466	37,890	13,615	12,867
Return on:				
- term deposits and profit and loss bank account:	99,155	176,311	21,080	64,258
- interest on staff loans	1,184	1,672	374	523
	903,906	641,376	324,092	259,864
 Interest Income on late payments of gas bills and others	2,524,865	1,793,905	899,989	798,482
Interest income on Sales Tax refund	487,739	-	49,113	-
Dividend income	-	647	-	-
	3,916,510	2,435,928	1,273,194	1,058,346
- Income from investment in debts, loans, advances and receivables from related party				
Dividend income - SNGPL	-	7,316	-	-
Income from net investment in finance lease	103,537	124,314	37,497	41,438
	103,537	131,630	37,497	41,438
	4,020,047	2,567,558	1,310,691	1,099,784
 18. Finance Cost				
Mark-up on				
Redeemable capital	833,772	964,800	256,069	337,211
Local currency financing	1,082,812	805,424	272,646	294,324
Short term financing	101,982	162,066	32,611	64,788
Consumers' deposits	92,264	57,349	54,716	20,173
Workers' profit participation fund	-	1,066	-	-
Discount on gas bills	317	76	195	50
Interest on delayed payment to gas suppliers	1,922,662	1,705,610	668,440	768,627
Financial charges capitalized	(256,855)	(296,402)	(126,998)	(142,335)
Others	2,900	5,610	203	5,203
	3,779,854	3,405,599	1,157,882	1,348,041
 19. Taxation				
Current	411,171	-	155,763	-
Deferred	-	210,925	-	83,832
	411,171	210,925	155,763	83,832

- 19.1. During the period, section 113 of the Income Tax Ordinance, 2001, for charge of minimum tax has been re-introduced through Finance Act, 2009, due to which the Company will be liable for minimum tax at the rate of 0.5% of revenue. Accordingly, minimum tax has been provided for in these unconsolidated condensed interim financial information.

20 Transactions with related parties

The related parties comprise of subsidiary companies, associated companies, joint venture companies, state controlled entities, staff retirement benefit plans and the Company's directors and key management personnel (including their associates). Purchase and sale of gas from / to related parties are determined at rates finalised and notified by Ministry of Petroleum & Natural Resources and Oil and Gas Regulatory Authority and the prices and other conditions are not influenced by the Company (comparable uncontrolled price

The detail of transactions with related parties not disclosed elsewhere in these financial statements are as follows:

		Nine month period ended		Quarter Ended	
	Note	31 March 2010	31 March 2009	31 March 2010	31 March 2009
				(Un-audited)	
				(Rupees in '000)	
Sui Northern Gas Pipeline Limited					
- Lease rental		49,031	51,627	16,318	17,209
- Pipeline rental income		109,079	119,361	36,341	39,787
- Recovery of lease service cost		28,447	11,922	(54,923)	(72,009)
- Contingent rent in respect of finance lease		127,776	125,895	108,316	117,577
- Sale of gas meters	20.1	1,021,516	725,174	368,722	222,758
- Gas Purchases		260,585	86,954	124,761	33,134
- Cost of gas levelisation		(8,030,884)	(21,144,202)	(15,608,313)	(34,426,338)
Oil and Gas Development Company Limited					
- Lease rental		(849)	11,428	(4,735)	7,111
- Pipeline rental income		(5,542)	-	(7,854)	(3,302)
- Recovery of lease service cost		4,656	18,020	(7,228)	6,007
- Gas Purchases		13,994,091	18,091,634	4,936,965	6,549,446
Inter State Gas System (Private) Limited					
- Reimbursement of expenses on the basis of joint venture agreement		32,352	22,432	14,989	8,458
Mari Gas Company Limited					
- Gas Purchases		68,075	5,980	63,386	2,407
State Life Insurance Corporation Limited					
- Rent of Premises		2,389	1,978	1,087	792
Liaquat National Hospital					
- Medical Services		23,959	16,187	13,184	5,421
Staff retirement benefit plans					
- Contribution to provident fund	20.2	86,901	71,093	34,190	21,221
- Contribution to pension fund	20.2	(75,840)	(11,894)	(25,151)	(3,183)
- Contribution to gratuity fund	20.2	89,045	79,968	147,747	62,100
Petroleum Institute of Pakistan					
- Subscription		503	420	-	-
Dawood Islamic Bank Ltd.					
- Profit on investments		32,670	9,154	1,001	3,458
- Mark-up on Sukuk		59,852	68,637	22,547	21,259
Minto and Mirza					
- Professional charges		4,275	-	1,775	-
Artesic Denim Mills Limited					
- Gas Sales		154,556	128,987	59,171	39,884
Siemens Pakistan Limited					
- Gas Sales		4,414	3,907	1,808	1,456
- Supply and services		123	-	123	-
PERAC Reserch and Development Foundation					
- Energy conservation study charges		51	109	51	109
Quality aviation (Pvt.) Ltd.					
- Services		1,354	-	1,354	-
Remuneration o Key management personnel (executive staff)					
	20.3	53,351	46,222	16,338	16,820

20.1 Sale of gas meters is made at cost plus method. The Company is the only manufacturer of gas meters in the country.

20.2 Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of employees and actuarial advice.

20.3 Remuneration to the executive officers of the Company and loans and advances to them are determined in accordance with the terms of their employment.

20.4

Amount (due to) / receivable from related parties


The details of amount (due to) / receivable from related parties are as follows:

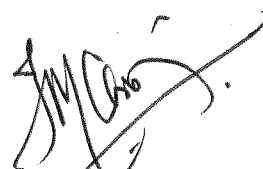
	31 March 2010 (un-audited)	30 June 2009 (audited)
	(Rupees in '000)	
Sui Northern Gas Pipeline Limited		
- Lease rental	72,312	79,842
- Sale of gas meters	91,782	15,258
- Gas purchases	(125,592)	(26,683)
- Cost of gas levelisation	3,620,818	7,939,768
Oil and Gas Development Company Limited		
- Gas purchases	(17,214,812)	(12,924,481)
Inter State Gas System (Private) Limited		
- Reimbursement of expenses on the basis of joint venture agreement	(15,556)	(8,628)
Mari Gas Company Limited		
- Gas purchases	(49,309)	(3,478)
Dawood Islamic Bank Ltd.		
- Bank balances	115,471	51,134
- Interest receivable	1,001	8,800

21 General

21.1 These unconsolidated condensed interim financial statements were authorised for issue on 27 April 2010 by the Board of Directors of the company.

21.2 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.


Salim Abbas Jilani
Chairman


Dr. Faizullah Abbasi
Managing Director



SUI SOUTHERN GAS COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
As at 31 March 2010

	Note	31 March 2010 (Un-audited)	30 June 2009 (Audited)
(Rupees in '000)			
Non current assets			
Property, plant and equipment	6	39,923,255	38,095,632
Intangible assets		13,482	43,891
Long-term investments	7	116,209	102,342
Share of investment in jointly controlled entity	8	5,100	5,100
Net investment in finance lease		1,066,192	1,159,336
Long-term loans and advances		118,432	111,779
Long-term deposits		3,250	3,250
Total non-current assets		41,245,920	39,521,330
Current assets			
Stores, spares and loose tools		1,723,060	1,702,556
Stock in trade		349,163	490,539
Current maturity of net net investment in finance lease		118,796	118,796
Customers' installation work in progress		173,761	136,266
Trade debts	9	40,426,820	32,568,205
Loans and advances		149,173	93,580
Trade deposits and short term prepayments		113,068	110,812
Interest accrued		2,527,466	1,198,062
Other receivables	10	13,968,485	22,970,129
Taxation - net		174,152	166,500
Cash and bank balances		654,564	1,477,155
Total current assets		60,378,508	61,032,600
Current liabilities			
Current portion of long term financing		5,374,894	4,969,490
Trade and other payables	11	54,285,331	50,099,746
Interest and mark-up accrued		6,059,895	4,181,967
Short term borrowings	12	450,000	-
Total current liabilities		66,170,120	59,251,203
Net current (liabilities) assets		(5,791,612)	1,781,397
Total assets less current liabilities		35,454,308	41,302,727
Equity and non-current liabilities			
Share capital and reserves			
Authorised share capital		10,000,000	10,000,000
1,000,000,000 ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital		6,711,743	6,711,743
Reserves		3,058,288	2,619,662
Surplus on remeasurement of available for sale securities		107,679	93,813
Unappropriated profit		(486,814)	258,306
Total equity		9,390,896	9,683,524
Non current liabilities			
Long term financing	13	11,541,247	17,496,775
Long term deposits		3,205,914	2,954,186
Deferred tax		5,013,538	5,013,538
Employee benefits		1,473,610	1,308,176
Deferred credit	14	4,829,103	4,846,528
Total non-current liabilities		26,063,412	31,619,203
Total shareholders' equity and non current liabilities		35,454,308	41,302,727
Contingencies and Commitments	15		

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial information.

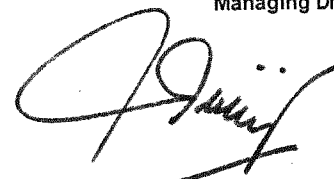


Salim Abbas Jilani
Chairman



Dr. Faizullah Abbasi
Managing Director







SUI SOUTHERN GAS COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
As at 31 March 2010

		Nine month period ended		Quarter ended	
	Note	31 March 2010	31 March 2009	31 March 2010	31 March 2009
		(Rupees in '000)			
Sales		92,004,087	85,813,873	31,635,922	29,000,463
Sales tax		<u>(11,089,142)</u>	<u>(10,357,899)</u>	<u>(3,742,880)</u>	<u>(3,511,920)</u>
		80,914,945	75,455,974	27,893,042	25,488,543
Gas development surcharge		<u>(8,661,308)</u>	<u>2,558,562</u>	<u>294,425</u>	<u>790,875</u>
Net sales		72,253,637	78,014,536	28,187,467	26,279,418
Cost of gas		<u>(70,172,649)</u>	<u>(73,597,549)</u>	<u>(27,594,280)</u>	<u>(24,919,410)</u>
Gross profit		2,080,988	4,416,987	593,187	1,360,008
Transmission distribution and selling costs		(5,603,331)	(4,782,702)	(2,079,493)	(1,489,369)
Administrative expenses		(1,621,925)	(1,242,813)	(701,065)	(602,631)
Other operating expenses	16	<u>(219,991)</u>	<u>(1,665,335)</u>	<u>52,718</u>	<u>(98,795)</u>
		<u>(7,445,247)</u>	<u>(7,690,850)</u>	<u>(2,727,840)</u>	<u>(2,190,795)</u>
		(5,364,259)	(3,273,863)	(2,134,653)	(830,787)
Other operating income	17	<u>5,228,743</u>	<u>4,714,548</u>	<u>1,611,633</u>	<u>1,326,926</u>
Operating profit before finance cost		(135,516)	1,440,685	(523,020)	496,139
Other non-operating income	18	4,020,047	2,567,558	1,310,691	1,099,784
Finance cost	19	<u>(3,779,854)</u>	<u>(3,405,599)</u>	<u>(1,157,881)</u>	<u>(1,348,041)</u>
Profit / (loss) before taxation		104,677	602,644	(370,210)	247,882
Taxation	20	<u>(411,171)</u>	<u>(210,925)</u>	<u>(155,763)</u>	<u>(83,832)</u>
Profit / (loss) for the period		<u>(306,494)</u>	<u>391,719</u>	<u>(525,973)</u>	<u>164,050</u>
		(Rupees)			
Basic and diluted earnings per share		(0.46)	0.58	(0.79)	0.24

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial information.


Salim Abbas Jilani
Chairman



Dr. Faizullah Abbasi
Managing Director

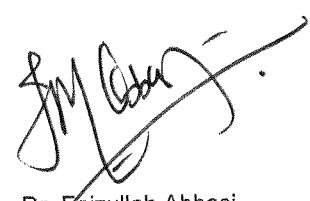
SUI SOUTHERN GAS COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
For the nine month period ended 31 March 2010

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus/ (deficit) on remeasurement of available for sale securities	Unappro- priated profit	Total
	(Rupees in'000)					
Balance at 01 July 2008	6,711,743	234,868	2,232,794	143,866	991,789	10,315,060
Total Comprehensive income for the period	-	-	-	(60,246)	391,719	331,473
Transfer from unappropriated profit to revenue reserves	-	-	152,000	-	(152,000)	-
Final dividend at Rs. 1.25 per share for the year ended 30 June 2009	-	-	-	-	(838,968)	(838,968)
Balance at 31 March 2009	<u>6,711,743</u>	<u>234,868</u>	<u>2,384,794</u>	<u>83,620</u>	<u>392,540</u>	<u>9,807,565</u>
Balance at 01 July 2009	6,711,743	234,868	2,384,794	93,813	258,306	9,683,524
Total comprehensive income for the period	-	-	-	13,866	(306,494)	(292,628)
Transfer from Unappropriated profit to Capital Reserves	-	438,626	-	-	(438,626)	-
Balance at 31 March 2010	<u>6,711,743</u>	<u>673,494</u>	<u>2,384,794</u>	<u>107,679</u>	<u>(486,814)</u>	<u>9,390,896</u>

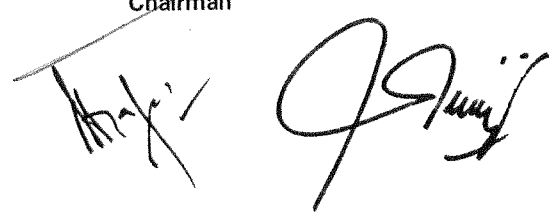
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Salim Abbas Jilani
Chairman



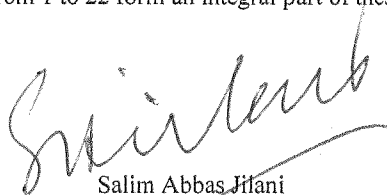
Dr. Faizullah Abbasi
Managing Director



SUI SOUTHERN GAS COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
For the nine month period ended 31 March 2010

	<u>Six-month Period Ended</u>		<u>Quarter Ended</u>	
	<u>31 March</u> <u>2010</u>	<u>31 March</u> <u>2009</u>	<u>31 March</u> <u>2010</u>	<u>31 March</u> <u>2009</u>
	(Rupees in '000)			
Net (loss) / profit for the period	(306,494)	391,719	(525,973)	164,050
Other comprehensive income				
Unrealised (loss) / gain on re-measurement of investment	13,866	(60,246)	15,822	9,234
Total comprehensive income for the period	<u>(292,628)</u>	<u>331,473</u>	<u>(510,151)</u>	<u>173,284</u>

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial information.


Salim Abbas Jilani
Chairman


Dr. Faizullah Abbasi
Managing Director

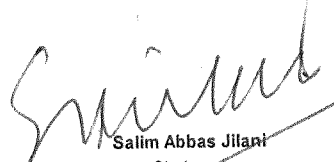


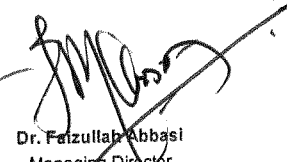




SUI SOUTHERN GAS COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
For the nine month period ended 31 March 2010

	31 March 2010	31 March 2009
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES :		
Profit before taxation	104,677	602,644
Adjustments for non cash items:		
Depreciation	2,056,138	1,875,273
Amortization of intangibles	31,159	41,208
Finance cost	3,779,854	3,405,599
Amortization of transaction cost	3,678	3,678
Provision against impaired debts	353,946	241,738
Provision for compensated absences	-	13,682
Provision for post retirement medical and free gas supply facilities	165,434	118,210
Recognition of income against deferred credit	(238,144)	(193,385)
Dividend income	-	(7,963)
Profit / interest income	(3,112,943)	(1,971,888)
Income from net investment in finance lease	(144,003)	(162,204)
Gain on sale of property plant & equipment	7,917	7,592
	<u>3,007,713</u>	<u>3,974,184</u>
(Increase) / decrease in operating assets :		
Stores and spares	(20,504)	(659,413)
Stock-in-trade	141,376	59,392
Customers' installation work-in-progress	(37,495)	72,483
Trade debts	(8,212,561)	(8,999,686)
Loans and advances	(55,593)	(31,945)
Trade deposits and short term prepayments	(2,256)	139,938
Other receivables	9,001,644	(11,626,868)
Long term loans and advances to staff - net	(6,653)	(10,145)
	<u>807,958</u>	<u>(21,056,244)</u>
Increase / (decrease) in operating liabilities:		
Trade and other payables	4,185,786	16,430,061
Service charges received from new customers	220,719	422,423
Security deposits received	251,728	168,236
Employee benefits paid	-	(23,369)
	<u>4,658,233</u>	<u>16,997,351</u>
Cash generated from operations	8,473,904	(84,709)
Financial charges paid	(2,158,781)	(1,976,257)
Income tax (paid) / refund received - net	(418,823)	(301,511)
Net cash from / (used in) operating activities	<u>5,896,300</u>	<u>(2,362,477)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(3,691,926)	(5,035,519)
Proceeds from sale of property, plant & equipment	56,352	15,001
Lease rental from investment in finance lease	237,147	262,404
Dividend received	-	7,963
Profit / interest received	1,783,539	1,348,573
Net cash used in investing activities	<u>(1,614,888)</u>	<u>(3,401,578)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from local currency loans	575,415	2,462,349
Repayments of local currency loans	(6,129,217)	(125,000)
Dividend paid	(201)	(321,680)
Net cash (used in) / from financing activities	<u>(5,554,003)</u>	<u>2,015,669</u>
Net decrease in cash and cash equivalents	(1,272,591)	(3,748,386)
Cash and cash equivalents at beginning of the period	1,477,155	4,356,300
Cash and cash equivalents at end of the period	<u>204,564</u>	<u>607,914</u>
Cash and cash equivalents comprises :		
Cash & bank balances	654,564	1,406,244
Short term borrowings	(450,000)	(798,330)
	<u>204,564</u>	<u>607,914</u>

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial information.


Salim Abbas Jilani
Chairman


Dr. Faizullah Abbasi
Managing Director

SUI SOUTHERN GAS COMPANY LIMITED
Notes to the Consolidated Condensed Interim Financial Statements
(un-audited)

for the nine month period ended 31 March 2010

1 Status and nature of business

Sui Southern Gas Company Limited ("the Company") is a public limited company incorporated in Pakistan and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The main activity of the company is transmission and distribution of natural gas in Sindh and Balochistan. The company is also engaged in certain activities related to the gas business including the manufacturing and sale of gas meters and construction contracts for laying of pipelines.

1.1 Basis of consolidation

The group consists of:

- Sui Southern Gas Company Limited (SSGCL)
- Sui Southern Gas Provident Fund Trust (Pvt.) Limited

The consolidated condensed interim financial statements include the financial statements of SSGCL - Holding Company and its subsidiary company - "The Group".:

The assets and liabilities of subsidiary company have been consolidated on a line-by-line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiary's share holder's equity in the consolidated financial statements.

Intra-group balances and transactions have been eliminated.

2 Basis of preparation

These consolidated condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan and the requirements of Companies Ordinance, 1984, the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges and directives issued by the Securities and Exchange Commission of Pakistan (SECP)

These condensed interim financial statements are un-audited but subject to limited scope review by the auditors and are being submitted to shareholders in accordance with section 245 of the Companies Ordinance, 1984

The comparative balance sheet presented in these condensed interim financial statements have been extracted from the audited financial statements of the Company for the year ended June 30, 2009, whereas the comparative condensed profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statements are stated from the unaudited condensed interim financial statements for the nine month period ended 31 March 2009.

3 Significant accounting policies

The significant accounting policies applied for the preparation of this consolidated condensed interim financial information are the same as those applied in preparation of the annual audited financial statements of the company as at and for the year ended June 30, 2009, except for the adoption of new standards noted below:

IAS 1 (Revised) - 'Presentation of Financial Statement'

The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Company presents in the unconsolidated condensed interim statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the unconsolidated condensed interim statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on the profit for the period and earnings per share.

IFRIC 18 - 'Transfer of Assets from Customers'

International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB) issued IFRIC - Interpretation 18 (IFRIC -18) "Transfers of Assets from Customers". This Interpretation applies to the accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers. Further, it also applies to the accounting by recipients for transfer of cash from customers when that amount of cash must be used only to construct or acquire an item of property, plant and equipment recognized as an asset by the entity and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to supply of goods or services, or to do both.

The Company in the normal course of business receives cash from customers as contributions for providing service connections, extension of gas mains, laying of distribution lines. Previously, such amounts were deferred and recognized in the profit and loss account over the useful lives of the related assets starting from the commissioning of such assets. Under the revised policy, revenue from such transaction is recognized when the connection to the network is completed. The aforementioned change has been accounted for as per the guidance provided under the interpretation for identification of separately identifiable service and recognition of revenue thereon.

The company has accounted for the change in policy prospectively from July 1, 2009 on assets which were connected to network on or after the said date, when the connection to network is completed.

Had there been no change in accounting policy the loss for the period ended December 31, 2009 would have been higher by and the deferred credit amount in the non-current liabilities would have been lower by Rs. 232.708 million.

IAS 23 - 'Borrowing Costs'

The revised standard removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Company already has the policy to capitalize all the borrowing cost on qualifying assets.

4 **Accounting estimates and judgements**

The preparation of unconsolidated condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing this unconsolidated condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year

5 **Financial risk management**

The Company's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended

6 **Property, plant and equipment**

	31 March 2010 (Un-audited) (Rupees in '000)	30 June 2009 (Audited) (Rupees in '000)
Operating assets	35,605,230	34,557,963
Capital work-in-progress	4,318,025	3,537,669
	<u>39,923,255</u>	<u>38,095,632</u>

Details of additions to and disposals of property, plant and equipment during the nine month period ended 31 March 2010 are as follows:

	Cost of additions / transfers (Un-audited) (Rupees in '000)	Written down value of (disposals / transfers) (Un-audited) (Rupees in '000)
Operating assets owned		
Gas transmission & distribution pipeline system	3,030,192	(53,700)
Buildings on leasehold land	84,735	-
Plant, machinery and other equipment	135,191	-
Motor vehicles	36,531	(10,569)
	<u>3,286,649</u>	<u>(64,269)</u>
Capital work-in-progress		
Projects:		
- Gas transmission and distribution system	3,645,130	(3,030,192)
- Cost of buildings under construction	68,173	(84,735)
- Plant, machinery and other equipment	317,171	(135,191)
- Others	36,531	(36,531)
	<u>4,067,005</u>	<u>(3,286,649)</u>

	Note	31 March 2010 (Un-audited) (Rupees in '000)	30 June 2009 (Audited) (Rupees in '000)
7 Long-term investments			
Investment in related parties		72,175	66,783
Other investments		44,034	35,559
		<u>116,209</u>	<u>102,342</u>
8 Share of investment in jointly controlled entity			
Inter State Gas System (Private) Limited			
510,000 ordinary shares of Rs. 10 each	8.1	<u>5,100</u>	<u>5,100</u>

8.1 This represents a 51% (June 2009: 51%) interest of SSGCL share in Inter State Gas Systems (Private) Limited (the jointly controlled entity).

	Note	31 March 2010 (Un-audited)	30 June 2009 (Audited)
(Rupees in thousand)			
9. Trade debts			
Considered good - secured		9,248,598	6,909,685
Considered good - un-secured		31,178,222	25,658,520
	9.1.	40,426,820	32,568,205
Considered doubtful		2,517,699	2,163,753
		42,944,519	34,731,958
Provision against impaired debts		(2,517,699)	(2,163,753)
		40,426,820	32,568,205

- 9.1. Trade debts due from Karachi Electric Supply Company Limited (KESC), Jamshoro Power Company Limited (JPCL) and Sui Northern Gas Pipelines Limited (SNGPL) aggregated to Rs. 28,751 million as at December 31, 2009 (June 30, 2009: Rs. 29,077 million). These include overdue amounts of Rs. 24,401 million (June 30, 2009: Rs. 17,491 million). Receivable from SNGPL against uniform cost of gas and lease rental is classified under other receivables and amounts to Rs. 5,584.864 million (June 30, 2009: Rs. 7,940 million) (refer note no. 10.1), which includes overdue uniform cost of gas invoices of Rs. 4,256 million (June 30, 2009: Rs. 2,468 million). Interest accrued amounting to Rs. 1,676 million (June 30, 2009: Rs. 1,167 million) in respect of overdue balances of KESC, JPCL and SNGPL is classified in accrued interest.

During the period, the Company received a total of Rs. 7,032 million from SNGPL and JPCL under inter circular corporate debt settlement arrangements. This amount was paid by the Company to Oil and Gas Development Company Limited (OGDCL) and Government Holding (Private) Limited as agreed under the arrangement. As at December 31, 2009, an amount of Rs. 28,093 million (included in creditors for gas in note 11) is payable to OGDCL, Pakistan Petroleum Limited and Government Holding (Private) Limited in respect of gas purchases along with interest of Rs. 5,213 million on their balances. In view of the arrangement being made by the Committee of Cabinet Division - GoP to adjust inter circular

10 Other receivables - considered good

Gas development surcharge receivable from GoP		-	5,326,217
Receivable from Sui Northern Gas Pipeline Limited (SNGPL) - a related party	10.1	3,693,227	8,019,730
Receivable from Jamshoro Joint Venture Limited (JJVL)		754,183	303,506
Receivable from staff pension fund - executive		82,733	361
Receivable from GoP on account of Ziarat		89,094	37,607
Pipeline rental		11,070	20,221
Workers' Profit Participation Fund		12,447	17,943
Sales tax receivable	10.2	9,018,867	8,683,445
Receivable from staff pension fund - non executive		-	168,733
Receivable from staff gratuity fund - executive		7,622	91
Receivable from staff provident fund - executive		17,763	-
Balance receivable for sale of gas condensate		102,247	155,480
Insurance claim receivable		545	509
Claim receivable		757	757
Miscellaneous receivable	10.3	179,415	237,014
		13,969,970	22,971,614
Provision against impaired receivables		(1,485)	(1,485)
		13,968,485	22,970,129

- 10.1 This includes lease rental receivable and recoverable against lease service cost and contingent rent amounting to Rs. 72.312 million (June 30, 2009: Rs. 79.842 million) and Rs. 3,620.818 million (June 30, 2009: Rs. 7,939.768 million) under the uniform cost of gas agreement with Sui Northern Gas Pipelines Limited (SNGPL).

- 10.2 This represents sales tax refundable amount which mainly arose due to excess of input sales tax over output sales tax as prices of natural gas purchased were substantially high and the company charged zero rate on gas supply to a large number of industrial customers. Major issue, hindering the release of refund, is the cross matching problem between the supplier's physical data and the system of FBR. To expedite the recovery, various meetings have been held between representatives of the Company and FBR as well as Large Taxpayers' Unit (LTU) wherein the Company has been assured by the officials of FBR for resolving the matter on a priority basis. Subsequent to the period end, the Company has received refund of Rs. 100.721 million. Based on the advice of its legal counsel and meetings with the concerned officials, the management is confident about recovery of the refund amount.

- 10.3 This includes Rs. 169.270 million (June 30, 2009: Rs. 225.694 million) recoverable from GoP under deferred tariff adjustment.

	Note	31 March 2010 (Un-audited)	30 June 2009 (Audited)
		(Rupees in thousand)	
11 Trade and other payables			
Creditors for:		46,929,972	45,490,188
- gas		241,228	122,111
-supplies		47,171,200	45,612,299
Amount received from customers/ GoP for laying of mains, etc.		3,132,870	2,806,125
Accrued liabilities		1,055,077	1,117,300
Gas development surcharge payable to GoP		2,384,353	-
Workers' Profit Participation Fund		-	-
Provision for compensated absences - non executives		83,791	83,791
Payable to provident fund - non executives		-	6
Deposits / retention money		172,602	194,589
Bills payable		-	23,521
Advance for sharing right of way		18,088	18,088
Unclaimed dividend		39,986	40,187
Withholding tax payable		55,792	51,685
Unclaimed term finance certificate redemption profit		1,800	1,975
Inter State Gas System (private) Limited (ISGSL)		15,556	8,628
Others		154,216	141,552
		<u>54,285,331</u>	<u>50,099,746</u>

12 This represent facilities for running finance available from various banks amounting to Rs. 10,000 million (June 30, 2009: 9,000 million). These are subject to mark-up ranging from 0.45% to 2.5% (June 30, 2009: 0.5% to 3%) above the average one month KIBOR. Facilities are secured by first pari passu hypothecation charge over present and future stock in trade and book debts of the Company.

13 Long Term Financing

Secured

- Loans from banking companies and financial institutions			
Local currency loans	13.1	5,000,000	8,716,700
- Other Loans			
- Musharaka arrangements	13.2	4,913,362	7,644,678
		<u>9,913,362</u>	<u>16,361,378</u>

Unsecured

Consumer Financing	13.3	179,245	186,757
Government of Sindh	13.4	1,448,640	948,640
		<u>1,627,885</u>	<u>1,135,397</u>
		<u>11,541,247</u>	<u>17,496,775</u>

13.1 Local currency loans

	Instalment Payable	Repayment Period	Mark-up Rate			
UBL - term loan-II	on maturity	2009	0.2% above 3 months average Kibor	13.1.1	-	1,500,000.00
CCB - term loan	quaterly	2010-2012	0.2% above 3 months average Kibor	13.1.1	1,000,000.00	1,000,000.00
MCB - term loan - I	quaterly	2010	0.2% above 3 months average Kibor	13.1.2	1,500,000.00	2,000,000.00
MCB - term loan - II	quaterly	2009	0.2% above 3 months average Kibor	13.1.2	-	1,333,400.00
MCB - term loan - III	quaterly	2009	0.2% above 3 months average Kibor	13.1.2	-	1,000,000.00
HBL - term loan	on maturity	2009	2% above 3 months average Kibor	13.1.3	-	500,000.00
Faysal Bank Limited - Term Loan	quaterly	2011-2013	2% above 3 months average Kibor	13.1.4	1,500,000.00 4,000,000.00	1,500,000.00 8,833,400.00
<u>Syndicated term loans</u>						
Standard Chartered Bank (as Syndicate's "Agent")	quaterly	2011-2012	1.95% above 3 months average Kibor	13.1.4	2,500,000.00	2,500,000.00
JS Bank Limited (as Syndicate's "Agent")	quaterly	2011-2012	1.95% above 3 months	13.1.4	800,000.00	800,000.00
					<u>3,300,000.00</u>	<u>3,300,000.00</u>
					<u>7,300,000.00</u>	<u>12,133,400.00</u>
Less: Current portion shown under current liabilities						
UBL - term loan - II					-	(1,500,000.00)
MCB - term loan - I					(1,500,000.00)	(1,000,000.00)
MCB - term loan - II					-	(666,700.00)
MCB - term loan - III					-	(250,000.00)
CCB - term loan					(300,000.00)	-
Faysal Bank Limited - Term Loan					(500,000.00)	-
					<u>(2,300,000.00)</u>	<u>(3,416,700.00)</u>
					<u>5,000,000.00</u>	<u>8,716,700.00</u>

13.1.1 These loans are secured by a first pari passu fixed charge created by way of hypothecation over all its present and future moveable fixed assets comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

13.1.2 These loans are secured by a first pari passu fixed charge created by way of hypothecation over moveable fixed assets comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment. During the year these loans were paid.

13.1.3 These loans are secured by a ranking charge created by way of hypothecation over moveable fixed assets of the company comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment. During the year these loans were prepaid.

13.1.4 These loans are secured by a ranking charge created by way of hypothecation over moveable fixed assets of the company comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

13.2 Musharaka arrangements - secured

	Instalment payable	Repayment period	Mark-up rate			
<u>Islamic Sukuk bonds under musharaka agreements</u>						
Dubai Islamic Bank (the "Investor's Agent")	quarterly	2009 - 2012	0.40% above 3 months average KIBOR	13.2.1	600,000	825,000
Meezan Bank Limited (the "Investor's Agent")	quarterly	2009 - 2012	0.80% above 3 months average KIBOR	13.2.1	1,500,002	2,000,000
Bank Islami Pakistan Limited (the "Trustee")	quarterly	2010 - 2012	0.20% above 3 months average KIBOR	13.2.1	4,700,000	4,700,000
Islamic Finance under diminishing musharaka						
Meezan Bank Limited	Two Instalments	2009 & 2011	0.45% above 3 months average KIBOR	13.2.2	500,000	1,000,000
Bank Islami Pakistan Limited	bullet	2010	0.20% above 3 months average KIBOR	13.2.3	600,000	600,000
					7,900,002	9,125,000
Unamortised Transaction Cost					(9,976)	(13,655)
					7,890,026	9,111,345
Less: Current portion shown under current liabilities						
Dubai Islamic Bank (the "Investor's Agent")					(300,000)	(300,000)
Meezan Bank Limited (the "Investor's Agent")					(666,664)	(666,667)
Meezan Bank Limited					-	(500,000)
Bank Islami Pakistan Limited (the "Trustee")					(1,410,000)	-
Bank Islami Pakistan Limited					(600,000)	-
					(2,976,664)	(1,466,667)
					4,913,362	7,644,678

13.2.1 Islamic Sukuk Bonds under Musharaka arrangements are secured by a first pari passu fixed charge created by way of hypothecation over movable fixed assets of the Company comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

13.2.2 Islamic Finance under diminishing Musharaka is secured by a first pari passu fixed charge created by way of hypothecation over all present and future movable fixed assets of the Company comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

13.2.3 Islamic Finance under diminishing Musharaka is secured by a ranking charge created by way of hypothecation over all present and future movable fixed assets of the Company comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

13.3 Consumer financing

Consumer financing	13.3.1	269,916	265,321
Less: Current portion shown under current liabilities		(90,670)	(78,564)
		179,246	186,757

13.3.1 This represents contributions received from certain industrial customers for the laying of distribution mains for supply of gas to their premises. These balances carry mark-up at 25% of 3 years average ask side KIBOR prevailing at the time of preparation of feasibility study for laying of distribution mains less 2% per annum. Principal and interest are adjustable in 48 equal installments through credits in the monthly gas bills of the consumers.

13.4 Government of Sindh loans

Government of Sindh loan - I

Government of Sindh loan - II

Government of Sindh loan - III

Government grant

Government grant

Less: Current portion shown under current liabilities

13.4.1	56,199	56,199
13.4.2	900,000	900,000
13.4.3	500,000	-
13.4.4	(317,924)	(317,924)
	1,082,076	582,076
13.4.4	317,924	317,924
	1,456,199	956,199
	(7,559)	(7,559)
	1,448,640	948,640

13.4.1 This represents an unsecured development loan from Government of Sindh for supply of gas to various districts and areas of Sindh. The facility carries mark-up at 2 % per annum. The loan together with mark-up shall be repaid in 10 yearly installments with grace period of 2 years commencing from year

13.4.2 This represents an unsecured development loan from Government of Sindh for supply of gas to various districts and areas of Sindh. The facility carries mark-up at 4 % per annum. The loan together with mark-up shall be repaid in 10 yearly installments with grace period of 2 years commencing from year ending 30 June 2011. The loan has been stated at fair value.

13.4.3 An unsecured development loan was availed in 2010 from Government of Sindh for supply of gas to various districts in areas of Sindh. The facility carries mark-up at 4 percent per annum. The loan together with markup shall be repaid in 10 equal yearly instalments with grace period of 2 years commencing

13.4.4 This represents the benefit of lower interest rate on Government of Sindh loan - II and is calculated as difference between the proceeds received in respect of Government of Sindh loan - II amounting to Rs 900 million and its initial fair value amounting to Rs. 582.076 million calculated at KIBOR prevailing at year end. This benefit is treated as Government grant and would be amortised over the estimated useful life of related assets when constructed.

Note 31 March 2010 30 June 2009
(Un-audited) (Audited)
(Rupees in thousand)

14 Deferred Credit

- Government contributions / grants

Balance at July 01

Addition during the period

Transferred to profit and loss account

Balance as at December 31

2,161,269	1,444,501
225,115	810,526
2,386,384	2,255,027
(93,827)	(93,758)
2,292,557	2,161,269

- Contribution from customers

Balance at July 01

Addition / (Reversal) during the period

Transferred to profit and loss account

Balance as at December 31

2,685,259	2,375,430
(4,396)	514,002
2,680,863	2,889,432
(144,317)	(204,173)
2,536,546	2,685,259
4,829,103	4,846,528

15 CONTINGENCIES AND COMMITMENTS

There has been no change in the status of other contingencies as disclosed note 15 of annual financial statements of the Company for the year ended June 30, 2009, except for the following:

15.1	Claims against the company not acknowledged as debt	15.9	<u>444,663</u>	<u>518,163</u>
15.2	Commitments for capital and other expenditure		<u>1,732,338</u>	<u>1,051,609</u>
15.3	Guarantees issued on behalf of the company		<u>1,791,013</u>	<u>1,792,153</u>

15.4 Demand finance facilities have been given to the Company's employees by certain banks for the purchase of vehicle against the Company's guarantee and hypothecation of the Company's stock of pipes, gas meters, regulators, etc. valuing Rs. 75 million (June 30, 2009: Rs. 75 million) and the Company's investment in shares having a face value of Rs. 0.5 million (June 30, 2009: Rs. 0.5 million). Loan outstanding at the period end was Rs. 12.542 million (June 30, 2009: Rs. 16.797 million).

15.5 During the period the Tax department has amended the assesment order for the Tax year 2005 under section 122(1) (9) of the income Tax Ordinance, 2001, disallowing certain expenses. SSGC has files Appeal to commissioner of Income Tax (Appeal) zone refusing to amend assesment order u/s 122(1) (9). No provision has been made in the financial statement as the management is confident that no further tax liability would arise in this respect.

15.6 During the period the Tax department has amended the assesment order for the Tax year 2007 under sub-section (5A) of section 122 of the income Tax Ordinance, 2001, disallowing certain expenses. SSGC has files Appeal to commissioner of Income Tax (Appeal) zone refusing to amend assesment order U/S 122 (5A). No provision has been made in the financial statement as the management is confident that no further tax liability would arise in this respect.

15.7 During the period the Tax department has amended the assesment order for the Tax year 2008 under section 221 of the income Tax Ordinance, 2001, disallowing certain expenses. SSGC has files Appeal to commissioner of Income Tax (Appeal) zone refusing to amend assesment order U/S 221 (5A). No provision has been made in the financial statement as the management is confident that no further tax liability would arise in this respect.

15.8 President of Pakistan on February 14, 2009 promulgated the Sacked Employees (Reinstatement) Ordinance 2009, ("the Ordinance") for providing relief to persons who were appointed during the period from November 1, 1993 to November 30, 1996 (both days inclusive) and were dismissed, removed or terminated or given forced golden hand shake from service during November 1, 1996 to December 31, 1998 (both days inclusive). Under the requirements of the Ordinance, total number of employees to be reinstated was determined at 2,994 employees, with the condition that their remuneration upto December 31, 2009 and back benefits will be paid to them on receipt of funds from Government of Pakistan (GoP). Out of 2,994 employees only 2,500 (June 30, 2009: 2,435) employees have joined the Company up to December 31, 2009. During the year, Rs. 258 million was received from GoP. Out of which, Rs. 232.79 million has been paid to employees.

Upto December 31, 2009, no provision has been made against current salaries costs and back benefits payable to reinstated employees amounting to Rs. 377.811 million and Rs. 2,345.679 million respectively as the management is of the view that as per negotiations with the Sub-committee established by the Cabinet Division - GoP, the same would be payable when the funds are received from the Government of Pakistan.

15.9 The management is confident that ultimately these claims would not be payable.

		Nine month period ended		Quarter ended	
		31 March	31 March	31 March	31 March
		2010	2009	2010	2009
		Un-audited			
		(Rupees in '000)			
16. Other operating expenses					
Auditors' remuneration		1,281	1,289	375	375
Workers' profit participation fund		5,509	31,774	(19,484)	13,046
Sports expenses		14,059	12,837	5,782	4,901
Corporate social responsibility		305	15,416	(62)	7,642
Exchange loss on payment of gas purchases		198,837	1,338,506	(39,329)	79,493
Provision for liquidity damages		-	265,513	-	(6,662)
		<u>219,991</u>	<u>1,665,335</u>	<u>(52,718)</u>	<u>98,795</u>
17. Other operating income					
- Income from other than financial assets					
Meter rentals		425,021	423,452	145,725	143,593
Recognition of income against deferred credit		238,144	193,385	68,715	53,555
Income from new service connections		232,708	-	59,550	-
Sale of gas condensate		385,870	400,406	137,252	89,981
Gas shrink		1,717,920	2,179,340	485,023	650,832
Income from gas transportation		36,795	37,199	11,086	11,570
Royalty income from JJVL		2,016,728	1,359,989	720,069	362,594
Meter manufacturing division profit - net		74,345	46,637	(28,315)	6,427
Income from LPG air mix distribution Gwadar operation - net		27,811	24,352	10,100	7,873
Recoveries from customers		24,452	21,590	9,626	3,788
Gain / (loss) on sale of fixed assets		(7,917)	(7,592)	(24,631)	(14,769)
Liquidity damages recovered		12,025	6,567	1,752	3,627
Advertising income		4,605	3,833	2,179	1,153
Miscellaneous		11,789	13,463	4,515	3,093
		<u>5,200,296</u>	<u>4,702,621</u>	<u>1,602,646</u>	<u>1,323,317</u>
- Income from investment in debts, loans, advances and receivable from related party					
Income from gas transportation - SNGPL		28,447	11,927	8,987	3,609
		<u>5,228,743</u>	<u>4,714,548</u>	<u>1,611,633</u>	<u>1,326,926</u>

Nine month period ended		Quarter ended	
31 March 2010	31 March 2009	31 March 2010	31 March 2009
Un-audited (Rupees in'000)			

18. Other non operating income

- Income from financial assets

Late payment surcharge
Income from net investment in finance lease
Return on:
- term deposits and profit and loss bank accounts
- interest on staff loans

763,101	425,503	289,023	182,216
40,466	37,890	13,615	12,867
99,155	176,311	21,080	64,258
1,184	1,672	374	523
903,906	641,376	324,092	259,864
Interest Income on late payments of gas bills and others	2,524,865	1,793,905	899,989
Interest income on Sales Tax refund	487,739	-	49,113
Dividend income	-	647	-
3,916,510	2,435,928	1,273,194	1,058,346

- Income from investment in debts, loans, advances and receivables from related party

Dividend income - SNGPL

-	7,316	-	-
103,537	124,314	37,497	41,438
103,537	131,630	37,497	41,438
4,020,047	2,567,558	1,310,691	1,099,784

19. Finance Cost

Mark-up on

Redeemable capital
Local currency financing
Short term financing
Consumers' deposits
Workers' profit participation fund
Discount on gas bills
Interest on delayed payment to gas suppliers
Financial charges capitalized
Others

833,772	964,800	256,069	337,211
1,082,812	805,424	272,646	294,324
101,982	162,066	32,611	64,788
92,264	57,349	54,716	20,173
-	1,066	-	-
317	76	195	50
1,922,662	1,705,610	668,440	768,627
(256,855)	(296,402)	(126,998)	(142,335)
2,900	5,610	203	5,203
3,779,854	3,405,599	1,157,882	1,348,041

20. Taxation

Current
Deferred

411,171	-	155,763	-
-	210,925	-	83,832
411,171	210,925	155,763	83,832

20.1. During the period, section 113 of the Income Tax Ordinance, 2001, for charge of minimum tax has been re-introduced through Finance Act, 2009, due to which the Company will be liable for minimum tax at the rate of 0.5% of revenue. Accordingly, minimum tax has been provided for in these unconsolidated condensed interim financial information.

21 Transactions with related parties

The related parties comprise of subsidiary companies, associated companies, joint venture companies, state controlled entities, staff retirement benefit plans and the Company's directors and key management personnel (including their associates). Purchase and sale of gas from / to related parties are determined at rates finalised and notified by Ministry of Petroleum & Natural Resources and Oil and Gas Regulatory Authority and the prices and other conditions are not influenced by the Company (comparable uncontrolled price method).

The detail of transactions with related parties not disclosed elsewhere in these financial statements are as follows:

	Note	Nine month period ended		Quarter Ended	
		31 March 2010	31 March 2009	31 March 2010	31 March 2009
				Un-audited (Rupees in '000)	
Sui Northern Gas Pipeline Limited					
- Lease rental		49,031	51,627	16,318	17,209
- Pipeline rental income		109,079	119,361	36,341	39,787
- Recovery of lease service cost		28,447	11,922	(54,923)	(72,009)
- Contingent rent in respect of finance lease		127,776	125,895	108,316	117,577
- Sale of gas meters	21.1	1,021,516	725,174	368,722	222,758
- Gas Purchases		260,585	86,954	124,761	33,134
- Cost of gas levelisation		(8,030,884)	(21,144,202)	(15,608,313)	(34,426,338)
Oil and Gas Development Company Limited					
- Lease rental		(849)	11,428	(4,735)	7,111
- Pipeline rental income		(5,542)	-	(7,854)	(3,302)
- Recovery of lease service cost		4,656	18,020	(7,228)	6,007
- Gas Purchases		13,994,091	18,091,634	4,936,965	6,549,446
Inter State Gas System (Private) Limited					
- Reimbursement of expenses on the basis of joint venture agreement		32,352	22,432	14,989	8,458
Mari Gas Company Limited					
- Gas Purchases		68,075	5,980	63,386	2,407
State Life Insurance Corporation Limited					
- Rent of Premises		2,389	1,978	1,087	792
Liaquat National Hospital					
- Medical Services		23,959	16,187	13,184	5,421
Staff retirement benefit plans					
- Contribution to provident fund	21.2	86,901	71,093	34,190	21,221
- Contribution to pension fund	21.2	(75,840)	(11,894)	(25,151)	(3,183)
- Contribution to gratuity fund	21.2	89,045	79,968	147,747	62,100
Petroleum Institute of Pakistan					
- Subscription		503	420	-	-
Dawood Islamic Bank Ltd.					
- Profit on investments		32,670	9,154	1,001	3,458
- Mark-up on Sukuk		59,852	68,637	22,547	21,259
Minto and Mirza					
- Professional charges		4,275	-	1,775	-
Artestic Denim Mills Limited					
- Gas Sales		154,556	128,987	59,171	39,884
Siemens Pakistan Limited					
- Gas Sales		4,414	3,907	1,808	1,456
PERAC Reserch and Development Foundation					
- Energy conservation study charges		51	109	51	109
Quality aviation (Pvt.) Ltd.					
- Services		1,354	-	1,354	-
Remuneration o Key management personnel (executive staff)	21.3	53,351	46,222	16,338	16,820

21.1 Sale of gas meters is made at cost plus method. The Company is the only manufacturer of gas meters in the country.

21.2 Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of employees and actuarial

21.3 The detail of transactions with related parties not disclosed elsewhere in these financial statements are as follows:

21.3 Amount (due to) / receivable from related parties

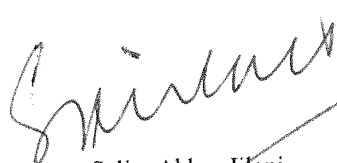
The details of amount (due to) / receivable from related parties are as follows:

	31 March 2010 (un-audited)	30 June 2009 (audited)
Sui Northern Gas Pipeline Limited	72,312	79,842
- Lease rental	<u>91,782</u>	<u>15,258</u>
- Sale of gas meters	<u>(125,592)</u>	<u>(26,683)</u>
- Gas purchases	<u>3,620,818</u>	<u>7,939,768</u>
- Cost of gas levelisation		
Oil and Gas Development Company Limited	(17,214,812)	(12,924,481)
- Gas purchases		
Inter State Gas System (Private) Limited		
- Reimbursement of expenses on the basis of joint venture agreement	<u>(15,556)</u>	<u>(8,628)</u>
Mari Gas Company Limited	(49,309)	(3,478)
- Gas purchases		
Dawood Islamic Bank Ltd.	115,471	51,134
- Bank balances	<u>1,001</u>	<u>8,800</u>
- Interest receivable		

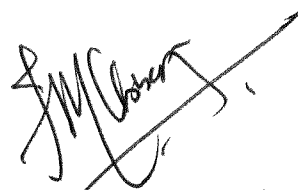
22 General

22.1 These unconsolidated condensed interim financial statements were authorised for issue on 27 April 2010 by the Board of Directors of the company.

22.2 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.



Salim Abbas Jilani
Chairman



Dr. Faizullah Abbasi
Managing Director



KEY DATA

- FRANCHISE AREA

SINDH AND BALOCHISTAN

FOR THE HALF YEAR ENDED

31 Mar.2010

31 Mar.2009

- NATURAL GAS SALES VOLUME (MMCF)

293,570

287,460

- NUMBER OF CUSTOMERS (CUMULATIVE)

INDUSTRIAL
COMMERCIAL
DOMESTIC
TOTAL

3,857

23,927

2,205,686

2,233,470

3,686

23,352

2,124,566

2,151,604

- GAS METERS MANUFACTURED (NOS.)

(SSGC MEETS 100% REQUIREMENT
OF DOMESTIC GAS METERS IN
PAKISTAN)

541,250

499,710

- TRANSMISSION NETWORK - CUMULATIVE (KM)

DIAMETER

12"

16"

18"

20"

24"

30"

344

558

914

871

624

9

3,320

344

558

933

871

624

9

3,339

- DISTRIBUTION NETWORK - CUMULATIVE (KM)

MAINS (1" - 30" DIAMETER)
SERVICES

28,417

7,516

35,933

26,598

7,067

33,665